

**Region XII Council of Governments, Inc.
and Affiliated Organizations
Carroll, Iowa**

**Independent Auditor's Reports
Combined Financial Statements
Supplemental Information
Schedule of Findings**

June 30, 2007 and 2006

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REGION XII COUNCIL OF GOVERNMENTS, INC.
BOARD OF DIRECTORS AND OFFICERS

<u>Name</u>	<u>Title</u>	<u>County Represented</u>
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Executive Board Members

Neil Trobak	Chairperson	Carroll
Jack Bensley	Vice Chairperson	Sac
Vernon Venteicher	Secretary	Audubon
Guy Richardson	Treasurer	Greene
Jerome Caraher	Board Member	Guthrie
Robert Lohrmann	Board Member	Crawford

Policy Council Members

Jay Dee Mendenhall	Board Member	Audubon
Bruce D. Nelson	Board Member	Audubon
Gene Karstens	Board Member	Audubon
Del McDermott	Board Member	Carroll
Dan Nieland	Board Member	Carroll
Cindy Fay	Board Member	Carroll
Mary Lou Kraus	Board Member	Crawford
Erasmo Lopez	Board Member	Crawford
Loren Schultz	Board Member	Crawford
Jane Heun	Board Member	Greene
Karen Polking	Board Member	Greene
Jerry Roberts	Board Member	Greene
Kathy Carstens	Board Member	Guthrie
Jack E. Lloyd	Board Member	Guthrie
Luann Waldo	Board Member	Guthrie
Morris Boeckman	Board Member	Sac
Joan Godbersen	Board Member	Sac
Elaine Rex	Board Member	Sac

Region XII Council of Governments, Inc. Officers

Richard Hunsaker	Executive Director
Joe Behrens	Local Assistance Director
James Burns	Transit Director
Kathleen Pauli	Fiscal Officer

In January of each year, each member of the County Board of Supervisors shall appoint or reappoint three local elected officials or persons responsible to local elected officials to serve at least one year as their County COG representative. One of the three shall be designated Chairperson of that group and shall be designated an officer candidate and member of the COG Executive Board. The Executive Board shall appoint a fourth member from each county to serve on the policy council.

John D. Morrow

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Member

Iowa

Society

Certified Public Accountants

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November 27, 2007

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Region XII Council of Governments, Inc.
Carroll, Iowa

I have audited the accompanying combined financial statements, listed as exhibits in the table of contents of this report, of Region XII Council of Governments, Inc. (COG), its wholly controlled affiliated organizations, Council of Governments Housing, Inc. and Region XII Development Corporation, Inc., Carroll, Ia, as of and for the years then ended June 30, 2007 and 2006. These combined financial statements are the responsibility of the COG's management. My responsibility is to express an opinion on these combined financial statements based on my audit.

I conducted the audit in accordance with U. S. generally accepted auditing standards, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that the audit provides a reasonable basis for my opinion.

In my opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of Region XII Council of Governments, Inc., its wholly controlled affiliated organizations, Council of Governments Housing, Inc. and Region XII Development Corporation, Inc., as of and for the years ended June 30, 2007 and 2006, and changes in net assets, and cash flow in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, I have also issued my reports dated November 27, 2007, on my consideration of Region XII Council of Governments, Inc., its wholly controlled affiliated organizations, Council of Governments Housing, Inc. and Region XII Development Corporation, Inc.'s, internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, grants agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of my audit.

My audit was conducted for the purpose of forming an opinion on the combined financial statements taken as a whole. The supplemental information included in Schedules 1 through 19, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analyses and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the aforementioned combined financial statements and, in my opinion, is fairly stated, in all material respects in relation to the combined financial statements taken as a whole.

COMBINED FINANCIAL STATEMENTS

REGION XII COUNCIL OF GOVERNMENTS, INC.
COMBINED STATEMENTS OF NET ASSETS
June 30, 2007 and 2006

ASSETS	Region XII Council of Governments	Affiliated Organizations Council of Governments Housing	Region XII Development Corporation
CURRENT ASSETS			
Cash and investments	\$ 3,525,539	\$ 158,923	\$ 726,692
Receivables:			
Grantor agencies	236,425	0	0
Other sources	296,362	3,000	0
Affiliated organizations	2,209	0	0
Prepaid expense	5,797	0	0
Total Current Assets	<u>4,066,332</u>	<u>161,923</u>	<u>726,692</u>
PROPERTY AND EQUIPMENT			
Land & building	1,581,855	0	0
Vehicles	2,049,989	0	0
Office equipment	363,552	0	0
Spec houses for resale	0	173,437	0
	3,995,396	173,437	0
Less accumulated depreciation	<u>1,559,067</u>	<u>0</u>	<u>0</u>
	<u>2,436,329</u>	<u>173,437</u>	<u>0</u>
OTHER ASSETS			
Receivable from future claims or reimbursements	279,443	0	0
Housing program loans	2,452,253	171,896	0
Business enterprise loans	<u>0</u>	<u>0</u>	<u>1,554,449</u>
	<u>\$ 9,234,357</u>	<u>\$ 507,256</u>	<u>\$ 2,281,141</u>
LIABILITIES AND FUND BALANCES			
CURRENT LIABILITIES			
Accounts payable	\$ 113,126	\$ 10,468	\$ 2,714
Notes payable	291,100	0	0
Current portion of long-term debt	6,000	0	20,061
Accrued payroll and benefits	35,793	0	0
Accrued annual leave payable	72,628	0	0
Due affiliated organizations	0	206	2,003
Deferred Revenue	183,288	84,935	33,000
Capital match deposits	23,925	0	0
Total current liabilities	<u>725,860</u>	<u>95,609</u>	<u>57,778</u>
LONG TERM LIABILITIES			
Note payable	6,000	0	988,825
NET ASSETS			
Unrestricted Net Assets			
Unreserved net assets	3,408,820	66,314	688,975
Health insurance reserve	205,095	0	0
Reserve for loans	2,452,253	171,896	545,563
Investment in property and equipment	2,436,329	173,437	0
Temporarily Restricted Net Assets	0	0	0
Permanently Restricted Net Assets	<u>0</u>	<u>0</u>	<u>0</u>
	<u>8,502,497</u>	<u>411,647</u>	<u>1,234,538</u>
	<u>\$ 9,234,357</u>	<u>\$ 507,256</u>	<u>\$ 2,281,141</u>

See accompanying Notes to Financial Statements.

Exhibit A

Total Columns <u>June 30, 2007</u>	(Memorandum Only) <u>June 30, 2006</u>
\$ 4,411,154	\$ 3,106,869
236,425	152,621
299,362	385,331
2,209	482,208
<u>5,797</u>	<u>13,795</u>
<u>4,954,947</u>	<u>4,140,824</u>
1,581,855	1,579,355
2,049,989	1,933,580
363,552	316,989
<u>173,437</u>	<u>217,355</u>
<u>4,168,833</u>	<u>4,047,279</u>
<u>1,559,067</u>	<u>1,456,230</u>
<u>2,609,766</u>	<u>2,591,049</u>
279,443	379,195
2,624,149	2,615,423
<u>1,554,449</u>	<u>1,593,262</u>
\$ <u>12,022,754</u>	\$ <u>11,319,753</u>
\$ 126,308	\$ 94,059
291,100	312,500
26,061	25,863
35,793	16,964
72,628	67,994
2,209	482,208
301,223	79,967
<u>23,925</u>	<u>35,822</u>
<u>879,247</u>	<u>1,115,377</u>
994,825	760,886
4,164,109	3,251,239
205,095	161,266
3,169,712	3,439,936
2,609,766	2,591,049
0	0
<u>0</u>	<u>0</u>
<u>10,148,682</u>	\$ <u>9,443,490</u>
\$ <u>12,022,754</u>	\$ <u>11,319,753</u>

REGION XII COUNCIL OF GOVERNMENTS, INC.
COMBINED STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
Year ended June 30, 2007 and 2006

	Region XII Council of <u>Governments</u>	<u>Affiliated Organizations</u> Council of Governments <u>Housing</u>	Region XII Development <u>Corporation</u>
Revenues:			
Governmental funding sources:			
Iowa Dept. of Transportation	\$ 1,018,970	\$ 0	\$ 0
Iowa Dept. of Economic Develop.	429,140	132,044	0
Iowa Workforce Development	487,497	0	0
U.S. Dept. of Commerce	51,000	0	0
U.S. Dept. of Agriculture	51,252	0	260,000
Federal Emergency Management Agency	0	0	0
Dept. of Housing & Urban Development	1,522,857	0	0
Iowa Dept. of Human Services	0	0	0
Iowa Dept of Human Rights	0	0	0
Iowa Dept. of Public Health	1,050	0	0
Iowa Dept. of Education	0	0	0
Elderbridge Agency on Aging	42,000	0	0
United Way	4,500	0	0
Public Support & Program Funds	1,579,754	6,768	0
Matching Funds	216,478	24,250	0
Loan Repayments	483,380	20,658	391,514
Interest Income	214,092	7,382	115,741
Other Revenues	32,105	274,404	0
Investment in Property & Equipment	314,932	0	0
Total Revenue	<u>6,449,007</u>	<u>465,506</u>	<u>767,255</u>
Expenses:			
Local Funds & Loan Repayment Funds	428,451	0	0
Administered State and Local Funds	671,824	0	0
CDBG and Home Housing Loan Funds	1,552,678	0	0
Hazard Mitigation Plans	4,572	0	0
Western Iowa Transit System	2,000,371	0	0
Workforce Investment Act Programs	277,219	0	0
Iowa Workforce Development Programs	51,113	0	0
Workforce Development Programs-Promise Jobs	159,165	0	0
Housing Preservation Grant	48,909	0	0
Economic Development Planning	92,000	0	0
Juvenile Justice Youth Dev.	0	0	0
Lead Base Paint & Lead Poisoning	7,226	0	0
Partnership 4 Families Empowerment	0	0	0
Western Iowa Advantage Partners	120,157	0	0
Council of Governments-Housing	0	135,542	0
Region XII Development Corp.	0	0	583,734
Depreciation	252,294	0	0
Total Expenses	<u>5,665,979</u>	<u>135,542</u>	<u>583,734</u>
Revenue over (under) expenses	783,028	329,964	183,521
Beginning of year	<u>2,592,272</u>	<u>(178,715)</u>	<u>538,454</u>
Total (Memorandum Only)	\$ <u>3,375,300</u>	\$ <u>151,249</u>	\$ <u>721,975</u>
Recap of Total (Memorandum Only)			
Receivable from future claims	\$ (279,443)	\$ 0	\$ 0
Deferred revenue	\$ 183,288	\$ 84,935	\$ 33,000
Net Assets	\$ 3,408,820	\$ 66,314	\$ 688,975
Plant Fund	\$ 62,635	\$ 0	\$ 0

See accompanying Notes to Financial Statements.

Exhibit B

Total Column (Memorandum Only)

<u>June 30, 2007</u>	<u>June 30, 2006</u>
\$ 1,018,970	\$ 1,114,253
561,184	134,375
487,497	504,708
51,000	51,000
311,252	238,956
0	50,037
1,522,857	742,450
0	214
0	4,210
1,050	3,150
0	1,306
42,000	35,500
4,500	4,500
1,586,522	2,142,007
240,728	369,223
895,552	0
337,215	245,577
306,509	37,275
<u>314,932</u>	<u>547,652</u>
<u>7,681,768</u>	<u>6,226,393</u>
428,451	374,687
671,824	517,499
1,552,678	749,269
4,572	46,960
2,000,371	2,076,123
277,219	309,312
51,113	82,129
159,165	113,267
48,909	36,282
92,000	68,295
0	4,210
7,226	17,595
0	46,620
120,157	155,568
135,542	205,901
583,734	643,369
<u>252,294</u>	<u>212,552</u>
<u>6,385,255</u>	<u>5,659,638</u>
1,296,513	566,755
<u>2,952,011</u>	<u>2,720,356</u>
\$ <u>4,248,524</u>	\$ <u>3,287,111</u>
\$ (279,443)	\$ (379,195)
\$ 301,223	\$ 79,967
\$ 4,164,109	\$ 3,251,239
\$ 62,635	\$ 335,100

REGION XII COUNCIL OF GOVERNMENTS, INC.
COMBINED STATEMENTS OF FUNCTIONAL EXPENSES
Year Ended June 30, 2007 and 2006

	Region XII Council of Governments	<u>Affiliated Organizations</u> Council of Governments Housing	Region XII Development Corporation
Salaries & wages	\$ 708,360	\$ 2,895	\$ 18,621
Employee benefits	217,479	975	5,334
Advertising & marketing	6,795	14	335
Accounting & legal	18,765	615	1,840
Insurance	17,061	63	347
Contracted services	477,874	37,894	185
Fees, dues & subscriptions	10,133	5	371
Postage	14,722	60	116
Printing	0	0	0
Rent	37,827	179	986
Telephone	31,200	36	204
Travel	71,775	202	1,473
Utilities	8,116	0	0
Office expense	43,067	110	468
Equipment expenses	40,925	256	862
Equipment rental	0	0	0
Facility expenses	45,124	142	922
Board expense	7,262	173	1,885
Registration fees	0	0	0
Drivers' wages & benefits	907,818	0	0
Vehicle fuel & other costs	311,603	0	0
Vehicle insurance	82,570	0	0
Purchased services	110,540	0	0
Participant loans & grants	1,697,663	76,923	522,500
Program fund expense	0	0	0
Participant support	99,539	0	0
Plant, property, & equipment purchases	337,938	0	0
Loan principal payments	0	0	19,863
Interest	5,198	0	7,422
Matching funds expended	104,331	15,000	0
Depreciation	<u>252,294</u>	<u>0</u>	<u>0</u>
Total Expenses	\$ <u>5,665,979</u>	\$ <u>135,542</u>	\$ <u>583,734</u>

See accompanying Notes to Financial Statements.

Total Column (Memorandum Only)
June 30, 2007 June 30, 2006

\$ 729,876	\$ 690,728
223,788	203,155
7,144	6,366
21,220	22,452
17,471	18,952
515,953	636,972
10,509	10,857
14,898	12,763
0	629
38,992	40,111
31,440	18,866
73,450	60,733
8,116	26,088
43,645	36,323
42,043	3,974
0	15,575
46,188	8,039
9,320	7,826
0	5,439
907,818	781,116
311,603	279,618
82,570	76,729
110,540	104,200
2,297,086	1,493,237
0	81,714
99,539	119,055
337,938	586,155
19,863	19,634
12,620	5,840
119,331	73,940
<u>252,294</u>	<u>212,552</u>
\$ <u><u>6,385,255</u></u>	\$ <u><u>5,659,638</u></u>

Exhibit D

REGION XII COUNCIL OF GOVERNMENTS, INC.
 COMBINED STATEMENTS OF CASH FLOWS
 Year Ended June 30, 2007 and 2006

	<u>June 30, 2007</u>	<u>June 30, 2006</u>
Resources Provided (Used) By:		
Cash Flow from Operating Activities:		
Revenue over expenses	\$ 1,296,513	\$ 566,755
Items not requiring outlays of cash:		
Depreciation	252,294	212,552
Change in Operating Assets & Liabilities:		
Accounts receivable	2,165	(75,301)
Prepaid expenses	7,998	(8,929)
Accounts payable	32,249	(33,351)
Accrual payroll and benefits	18,829	(79,861)
Accrual annual leave	4,634	(6,192)
	<u>1,614,682</u>	<u>575,673</u>
Cash Flow From Investing Activities:		
Purchase of property and equipment	(314,932)	(547,652)
IRP proceeds used for relending	(240,137)	(188,366)
Self insurance - health insurance reserve	43,832	53,171
	<u>(511,237)</u>	<u>(682,847)</u>
Cash Flow From Financing Activities:		
Borrowing - short term notes	291,800	315,900
Borrowing - long term notes	260,000	208,000
Payments - short term notes	(313,200)	(169,700)
Payments - long term notes	(25,863)	(25,634)
Capital match deposits	(11,897)	(53,202)
	<u>200,840</u>	<u>275,364</u>
Net Increase in Cash	1,304,285	168,190
Cash, Beginning of Year	<u>3,106,869</u>	<u>2,938,679</u>
Cash, End of Year	\$ <u>4,411,154</u>	\$ <u>3,106,869</u>

See accompanying Notes to Financial Statements.

REGION XII COUNCIL OF GOVERNMENTS, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2007 and 2006

Note 1 Nature of Activities and Significant Accounting Policies

A. Nature of Activities

Region XII Council of Governments, Inc. was created by a 28E agreement to service the Iowa counties of Audubon, Carroll, Crawford, Greene, Guthrie, and Sac.

The purposes for which the COG was organized are to provide joint services and facilities with other agencies to promote and assist the economic development of business concerns through growth and development and aid in development opportunities to the region, thereby increasing employment, business volume, and business payrolls. To accomplish these purposes, the COG has all the powers enumerated in the Iowa Nonprofit Corporation Act, Chapter 504A of the Code of Iowa. These powers are limited to the definitions and purposes encompassed by Section 501(c)(3), of the Internal Revenue Code. In addition, the COG has the power and duty to make comprehensive studies and plans for the development of the area it serves, to eliminate planning duplication, to promote governmental economy and efficiency, and to otherwise guide the unified development of the area.

Region XII Council of Governments, Inc., is the designated administrative agency, fiscal agent, and coordinating service provider for the Workforce Investment Act (WIA) in Iowa Workforce Development (IWD) Region 8. Region 8 includes the Iowa counties of Audubon, Carroll, Crawford, Greene, Guthrie, and Sac. The COG is the fiscal agent for IWD in Region 8. The COG provides Promise Jobs case management for the counties of IWD Region 8. The cities of Perry, Redfield and Linden, are associate members of the COG. Region XII COG, Inc.'s Executive Board has the responsibility for all records which are included in these financial statements.

Region XII Council of Governments, Inc. owns and operates the Western Iowa Transit System. This rural transit system provides transit services to senior citizens, persons with disabilities, preschool and school aged students, and the general public. Western Iowa Transit System operates in Audubon, Carroll, Crawford, Greene, Guthrie, and Sac counties and is recognized by the Department of Transportation as the regional transit organization. The mission of Western Iowa Transit System is to provide safe, dependable, and efficient public transit services for all citizens within its service area in a manner which will help them maintain and improve their quality of life.

Region XII Council of Governments (COG) serves as the Regional Planning Affiliation (RPA) for the counties of Audubon, Carroll, Crawford, Greene, Guthrie, and Sac. As the RPA, the COG prepares all planning documents pursuant to transportation planning in the region, including the programming of regional federal funds for transportation. The COG is advised by a Transportation Advisory

REGION XII COUNCIL OF GOVERNMENTS, INC.
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2007 and 2006

Note 1. Nature of Activities and Significant Accounting Policies (continued)

A. Nature of Activities (continued)

Committee on all planning documents. Final decisions on these documents are made by the Policy Council of Region XII Council of Governments.

Region XII Council of Governments assists the communities and counties in identifying housing needs. Once needs are identified, the organization will work with the necessary partners to achieve those goals. Examples of programs include various housing rehabilitation programs, down payment assistance, rental projects, new construction, development of lots for sale, and lead base paint & inspection services.

The organization is dependent on continued funding by Federal, State and local governmental bodies to provide the programs necessary to support the services and objectives set out above.

B. Affiliated Organizations

Council of Governments Housing, Inc. is a nonprofit corporation organized under Chapter 504A of the Code of Iowa, and the objectives and purpose to be transacted and carried on are to promote the general social welfare of the community. These powers are limited to the definitions and purposes encompassed by Section 501(c)(4), of the Internal Revenue Code.

In addition to the powers provided by Iowa law, this corporation shall be allowed to:

Acquire, construct, provide, and operate rental housing and related facilities suited to the special needs and living requirements of eligible occupants as determined by USDA Rural Development regulations, without regard to race, color, religion, sex, age, handicap, marital and familial status, or national origin; and Administer programs for the purpose of rehabilitation of owner-occupied or rental properties or other properties for the purpose of eliminating safety and health hazards and other activities necessary to improve the condition of the home for habitation; and Acquire, improve, and operate any real or personal property or interest or right herein or appurtenant thereto; to sell, convey, assign, mortgage, lease any real and personal property; and Borrow money and to execute such evidence of indebtedness and such contracts, agreements, and instruments as may be necessary, and to execute and deliver any mortgage, deed of trust, assignment of income, or other security instrument in connection therewith; and Do all things necessary and appropriate for carrying out and exercising the foregoing purposes and powers.

Region XII Development Corporation, Inc., is a nonprofit corporation organized under Chapter 504A of the Code of Iowa. These powers are limited to the definitions and purposes encompassed by Section 501(c)(3), of the Internal Revenue Code.

REGION XII COUNCIL OF GOVERNMENTS, INC.
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2007 and 2006

Note 1 Nature of Activities and Significant Accounting Policies (continued)

B. Affiliated Organizations (continued)

The objectives and purpose to be transacted and carried on are:
To further the economic development of the area community known as Region XII, said Region comprises the counties of Audubon, Carroll, Crawford, Greene, Guthrie, and Sac including the cities, and rural areas of said counties in the state of Iowa; and
To aid in the development of the communities within the region; and promoting and stimulating business opportunities and development, both new and existing; and
For charitable, educational and scientific purposes including, for such purposes, the making of distributions to organizations that qualify and exempt organizations under Section 501(c)(3) of the Internal Revenue Code of 1954, as amended, or the corresponding provision of any future United States revenue law; and
For any and all purposes permitted in the Iowa Nonprofit Corporation Act, Chapter 504A of the 1981 Code of Iowa and permitted under Section 501(c)(3) of the Internal Revenue Code.

C. Significant Accounting Policies

Fund Accounting - To ensure observance of limitations and restrictions placed on the use of resources available to Region XII Council of Governments, Inc. and its wholly controlled affiliated organizations, the accounts of the organization are maintained in accordance with the principles of fund accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purposes. Separate accounts are maintained for each fund program; however, in the accompanying financial statements, programs that have similar characteristics have been combined into fund groups. Accordingly, all financial transactions have been recorded and reported by fund group.

Basis of Accounting - Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. The accompanying financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United State of America. Grant or contract revenue is recognized when earned. The grants and contracts are written on an expense reimbursement basis and accordingly, grant or contract revenue is earned when allowable program expenses are incurred. The financial statements present any funds received and not expended as deferred revenue. Expenses are recorded when the liability is incurred. Disbursements for the purchase of property and equipment which provide future benefits are recorded as expenses in the program at the time of purchase and capitalized and presented in the Statement of Net Assets.

REGION XII COUNCIL OF GOVERNMENTS, INC.
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2007 and 2006

Note 1 Nature of Activities and Significant Accounting Policies (continued)

C. Significant Accounting Policies (continued)

Basis of Presentation - Net assets and revenues, and expenses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the COG and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets.

Assets, Liabilities and Net Assets - The following accounting policies are followed in preparing the combined statement of financial position.

Cash and Investments - Cash includes amounts in demand deposits, money market funds, and certificates of deposit.

Program Funds and Accounts Receivable - Reimbursement procedures used for grants and contracts may result in timing differences between program reimbursements and expenses as of the beginning and end of the year. Program funds and accounts receivable include amounts due to the COG but not received at year end.

Allowance for Doubtful Accounts - The direct write-off method is used to account for uncollectible housing and business loans. There is no provision for accounts receivable bad debts since all receivables are considered to be collectible.

Receivable from Future Claims or Reimbursements - This receivable represents an excess of expenses over revenue received from the funding source at year end.

Receivables/Payables from Other Funds - During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. To the extent that certain transactions between funds had been paid or received as of June 30, 2007 and 2006, balances of inter-fund amounts have been recorded.

Property, Vehicles, and Equipment - Property, vehicles, and equipment are valued at historical cost. Property, vehicles, and equipment are recorded as expenses in the fund purchasing the asset. The purchases are then capitalized accumulating the net investment in property, vehicles, and equipment. Depreciation has been provided using the straight-line method over the estimated useful lives of the respective assets, generally 50 years for real property and 5 to 10 years for vehicles and equipment. The depreciated cost of the property, vehicles, and equipment does not purport to be either a realizable value or a replacement value. Expenses for maintenance, repairs, and minor replacements are charged to the current year, while the cost for major replacements and betterments are capitalized. The cost of assets disposed is deleted.

REGION XII COUNCIL OF GOVERNMENTS, INC.
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2007 and 2006

Note 1. Nature of Activities and Significant Accounting Policies (continued)

C. Significant Accounting Policies (continued)

Annual Leave - Employees of the COG accumulate a limited amount of earned but unused annual leave payable to employees. Amounts representing the cost of annual leave expected to be liquidated currently are recorded as liabilities of the administrative fund or the program fund type. This liability has been computed based on current rates of pay.

Deferred Revenue - Deferred revenue represents an excess of cash advances by the funding source over accrued expenses at year end.

Total Column - The total column on the combined statement of financial position and the combined statement of activity is captioned "Memorandum Only" to indicate that it is presented only to facilitate financial analysis. Data in these columns does not present financial position or results of operations in conformity with accounting principles generally accepted in the United States of America. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

Cost Allocation - Region XII Council of Governments, Inc. has adopted a cost allocation plan to allocate joint costs to the various programs. Any cost which cannot be assigned directly to a program is allocated based upon the ratio of direct labor hours worked for the respective program, square feet of space used, gross wages for direct program costs, or other reasonable methods of allocation.

Budgetary Accounting - The COG is not required by statute to use budgetary accounting. Therefore, no budgetary information is included in these financial statements.

Income Taxes - Region XII Council of Governments, Inc. and its wholly controlled affiliated organizations are exempt from Federal income taxes under provisions of Internal Revenue Code Section 501(c)(3).

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from amounts estimated. These estimates involve useful lives for depreciation of assets, allowance for doubtful accounts, loss contingencies, and other estimating techniques as may be required to record effects of future events.

REGION XII COUNCIL OF GOVERNMENTS, INC.
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2007 and 2006

Note 2 Support From Governmental Units

The COG receives substantially all of its support from Federal, State, and local governments. A significant reduction in the level of this support, if this were to occur, would have a significant effect on the COG's programs and activities.

Note 3 Leases

Region XII Council of Governments, Inc. sub-leases office facilities from the Iowa Workforce Development under a lease agreement which began January 1, 2007, and expires December 31, 2010.

The COG is obligated under other lease agreements accounted for as operating leases for equipment. In the event insufficient program funding occurs, these leases may be prematurely terminated with appropriate notice.

Total net rent expense for office facilities for the years ended June 30, 2007 and 2006 was \$ 1,221 and \$2,061 respectively.

Note 4 Pension and Retirement Benefits

The Region XII Council of Governments, Inc. contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117

Plan members are required to contribute 3.70% of their annual covered salary and the Region XII Council of Governments is required to contribute 5.75% of annual covered payroll except for law enforcement employees and police employees, in which case the percentages are higher. Contribution requirements are established by State statute. Region XII Council of Government's contribution to IPERS for the years ended June 30, 2007 and 2006 was \$78,282 and \$75,575 respectively, equal to the employer required contributions for each year. The total contribution to IPERS for the years ended June 30, 2007 and 2006 were \$128,654 and \$124,206 respectively.

Note 5 Contingent Liability - Medical Leave

The COG's full time and part time II employees accumulate medical leave hours for subsequent use. No compensation is made for accrued medical leave at time of separation and these accumulations are not recognized as expenses by the COG until used. The COG's approximate maximum liability for unrecognized medical leave benefits as of June 30, 2007 and 2006 was \$173,000 and \$155,000 respectively. The maximum allowable medical leave may accumulate to 90 days. An employee that has been employed at least 10 years may elect to convert 10 days of medical leave into annual leave. Two days of medical leave earned is then equal to one day of annual leave.

REGION XII COUNCIL OF GOVERNMENTS, INC.
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2007 and 2006

Note 6 Organization Risk Management

Region XII Council of Governments, Inc., its wholly controlled affiliated organizations, Council of Governments Housing, Inc., and Region XII Development Corporation, Inc., are exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Region XII Council of Governments, Inc. is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 670.7 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 556 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each members' annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained to equal 300 percent of the total current members' basis rates or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

The Pool also provides property coverage. Members who elect such coverage make annual operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses and reinsurance premiums, all of which are due and payable in the current year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The Agency's property and casualty contributions to the risk pool are recorded as expenditures from its operation funds at the time of payment to the risk pool. The Agency's annual contributions to the Pool for the year ended June 30, 2007, and 2006 were \$111,645 and \$111,645 respectively.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional and public officials' liability risks up to \$350,000 per claim. Claims exceeding \$350,000 are reinsured in an amount not to exceed \$2,650,000 per claim and \$5,000,000 in aggregate per year. For members requiring specific coverage from \$3,000,000 to \$10,000,000 such excess coverage is also reinsured. Property and automobile physical damage risks are retained by the Pool up to \$100,000 each occurrence, each location, with excess coverage reinsured on an individual-member basis.

REGION XII COUNCIL OF GOVERNMENTS, INC.
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2007 and 2006

Note 6 Organization Risk Management (continued)

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event that a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. As of June 30, 2007, settled claims have not exceeded the risk pool or reinsurance coverage since the pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days' prior written notice may withdraw from the Pool. Upon withdrawal, payments for all claims and claims expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Members withdrawing within the first six years of membership may receive a partial refund of their capital contributions. If a member withdraws after the sixth year, the member is refunded 100 percent of its capital contributions. However, the refund is reduced by an amount equal to the annual operating contribution which the withdrawing member would have made for the one-year period following withdrawal.

Region XII Council of Governments, Inc. also carries commercial insurance purchased from other insurers for coverage associated with the employee bond. Region XII Council of Governments, Inc. assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note 7 Total Deposit Accounts Exceeding Insured Depository Limits

Region XII Council of Governments, Inc. and its wholly controlled affiliated organizations maintain their checking, savings, and certificate of deposit accounts in various financial institutions. These financial institutions classify these deposits as public funds and are subject to the guidelines referred to in Chapter 12C of the Code of Iowa.

As of the fiscal year end, the following financial institutions held public funds totaling:

	<u>June 30, 2007</u>	<u>June 30, 2006</u>
Iowa Savings Bank	\$ 3,123,053	\$ 3,126,435
Templeton Savings Bank	124,750	119,807
Bank of the West	1,500,000	0

REGION XII COUNCIL OF GOVERNMENTS, INC.
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2007 and 2006

Note 8 Property, Vehicles, and Equipment

A summary of property, vehicles, equipment, and the components of accumulated depreciation, are as follows:

FISCAL YEAR END June 30, 2007

<u>Property & Equip.</u>	<u>Buildings</u>	<u>Vehicles</u>	<u>Equipment</u>	<u>Total</u>
Beginning of year	\$ 1,579,355	\$ 1,933,580	\$ 316,989	\$ 3,829,924
Additions	2,500	248,511	63,921	314,932
Disposals	<u>0</u>	<u>(132,102)</u>	<u>(17,358)</u>	<u>(149,460)</u>
End of year	\$ <u>1,581,855</u>	\$ <u>2,049,989</u>	\$ <u>363,552</u>	\$ <u>3,995,396</u>
<u>Accumulated Depr.</u>	<u>Buildings</u>	<u>Vehicles</u>	<u>Equipment</u>	<u>Total</u>
Beginning of year	\$ 192,226	\$ 1,108,750	\$ 155,254	\$ 1,456,230
Current deprec.	24,561	200,241	27,495	252,297
Disposal of assets	<u>0</u>	<u>(132,102)</u>	<u>(17,358)</u>	<u>(149,460)</u>
End of year	\$ <u>216,787</u>	\$ <u>1,176,889</u>	\$ <u>165,391</u>	\$ <u>1,559,067</u>

FISCAL YEAR END June 30, 2006

<u>Property & Equip.</u>	<u>Buildings</u>	<u>Vehicles</u>	<u>Equipment</u>	<u>Total</u>
Beginning of year	\$ 1,579,355	\$ 1,605,532	\$ 301,706	\$ 3,486,593
Additions	0	517,557	30,095	547,652
Disposals	<u>0</u>	<u>(189,509)</u>	<u>(14,812)</u>	<u>(204,321)</u>
End of year	\$ <u>1,579,355</u>	\$ <u>1,933,580</u>	\$ <u>316,989</u>	\$ <u>3,829,924</u>
<u>Accumulated Depr.</u>	<u>Buildings</u>	<u>Vehicles</u>	<u>Equipment</u>	<u>Total</u>
Beginning of year	\$ 167,665	\$ 1,137,958	\$ 142,377	\$ 1,448,000
Current deprec.	24,561	160,301	27,690	212,552
Disposal of assets	<u>0</u>	<u>(189,509)</u>	<u>(14,813)</u>	<u>(204,322)</u>
End of year	\$ <u>192,226</u>	\$ <u>1,108,750</u>	\$ <u>155,254</u>	\$ <u>1,456,230</u>

Capital Project

Region XII Council of governments has entered into agreements for building expansion and renovation of office space and transit facilities at 1009 East Anthony Street, Carroll, Iowa. The building expansion and renovation includes additional office space, transit wash bay, transit vehicle storage, renovating existing office space, and parking. The estimated cost of the building expansion and renovation is \$1,380,000. The project is expected to be substantially completed by the end of 2008.

REGION XII COUNCIL OF GOVERNMENTS, INC.
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2007 and 2006

Note 9 Housing and Business Enterprise Loans Receivable

The COG accounts for grant proceeds as revenue. Principal and interest payments received are accounted for as other program revenues when received. Loans and grants paid to families are treated as expenses at the time the loan is made to accommodate the required reporting format on quarterly reports.

Region XII Council of Governments administers Community Development Block Grants Revolving Loans (CDBG Loans) for various cities within Region XII. The loans are for down payment assistance or for a portion of the cost of housing rehabilitation.

Region XII Council of Governments administered the Department of Agriculture-Housing Preservation Grant (HPG Loans). The grant proceeds are used to maintain a low-interest revolving loan fund for low-income residents. Loans of up to \$5,000 per family, at varying interest rates, are used to make health and safety improvements to homes.

Region XII Council of Governments administers the Iowa Department of Economic Development Local Housing Assistance Program (LHAP Loans). LHAP funds are awarded for the purpose of providing a regional revolving loan fund to provide low-interest construction financing for new single-family housing.

Region XII Council of Governments administers the Iowa Finance Authority "Helping Iowa's Rural Economy" grant (HIRE Loans). The funds are for home ownership initiative down payment loans to provide financial assistance for the creation of affordable housing and economic development throughout the State of Iowa.

Council of Governments Housing, Inc. receives Housing Trust Funding. The funds are to provide loans for financial assistance for residential housing.

Region XII Council of Governments received a loan from the US Department of Agriculture Intermediary Relending Program (IRP Loans). The loan proceeds plus local match are to be used for business enterprise loans.

Region XII Development Corporation received a Department of Commerce - Title IX Long-Term Economic Deterioration Revolving Loan Program (EDA Loans). The grant proceeds are used for business enterprise loans.

Region XII Development Corporation received a Rural Business Enterprise Grant (RBEG Loans) for loan assistance to rural business enterprises.

REGION XII COUNCIL OF GOVERNMENTS, INC.
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2007 and 2006

Note 9 Housing and Business Enterprise Loans Receivable (continued)

The balance of all loans is reflected as other assets on the combined statement of financial position. A summary of activity is as follows:

<u>FISCAL YEAR June 30, 2007</u>					
	<u>Beginning Balance</u>	<u>Payments Received</u>	<u>Write- Offs</u>	<u>Accrued Interest & New Loans</u>	<u>Ending Balance</u>
<u>Region XII Council of Governments, Inc.</u>					
CDBG/Home	\$ 1,321,344	\$ 157,296	\$ 0	\$ 161,016	\$ 1,325,064
HPG Loans	650,132	199,404	0	237,952	688,680
LHAP Loans	110,194	33,758	0	0	76,436
HIRE Loans	<u>378,162</u>	<u>84,668</u>	<u>0</u>	<u>68,579</u>	<u>362,073</u>
	<u>2,459,832</u>	<u>475,126</u>	<u>0</u>	<u>467,547</u>	<u>2,452,253</u>
<u>Council of Governments Housing, Inc.</u>					
COG Housing	61,469	5,538	0	0	55,931
Housing Trust	<u>94,122</u>	<u>22,238</u>	<u>0</u>	<u>44,081</u>	<u>115,965</u>
	<u>155,591</u>	<u>27,776</u>	<u>0</u>	<u>44,081</u>	<u>171,896</u>
<u>Region XII Development Corporation, Inc.</u>					
IRP Loans	900,846	178,495	0	225,000	947,351
EDA Loans	567,574	173,941	0	110,000	503,633
RBEG Loans	<u>124,842</u>	<u>31,377</u>	<u>0</u>	<u>10,000</u>	<u>103,465</u>
	<u>1,593,262</u>	<u>383,813</u>	<u>0</u>	<u>345,000</u>	<u>1,554,449</u>
Total	\$ <u>4,208,685</u>	\$ <u>886,715</u>	\$ <u>0</u>	\$ <u>856,628</u>	\$ <u>4,178,598</u>
<u>FISCAL YEAR June 30, 2006</u>					
	<u>Beginning Balance</u>	<u>Payments Received</u>	<u>Write- Offs</u>	<u>Accrued Interest & New Loans</u>	<u>Ending Balance</u>
<u>Region XII Council of Governments, Inc.</u>					
CDBG/Home	\$ 1,222,914	\$ 176,504	\$ 0	\$ 274,934	\$ 1,321,344
HPG Loans	701,760	255,427	0	203,799	650,132
LHAP Loans	73,869	24,347	0	60,672	110,194
HIRE Loans	<u>366,714</u>	<u>72,156</u>	<u>0</u>	<u>83,604</u>	<u>378,162</u>
	<u>2,365,257</u>	<u>528,434</u>	<u>0</u>	<u>623,009</u>	<u>2,459,832</u>
<u>Council of Governments Housing, Inc.</u>					
COG Housing	70,296	9,261	0	434	61,469
Housing Trust	<u>103,302</u>	<u>19,449</u>	<u>0</u>	<u>10,269</u>	<u>94,122</u>
	<u>173,598</u>	<u>28,710</u>	<u>0</u>	<u>10,703</u>	<u>155,591</u>
<u>Region XII Development Corporation, Inc.</u>					
IRP Loans	596,716	78,046	0	382,176	900,846
EDA Loans	496,665	56,714	0	127,623	567,574
RBEG Loans	<u>109,557</u>	<u>33,492</u>	<u>0</u>	<u>48,777</u>	<u>124,842</u>
	<u>1,202,938</u>	<u>168,252</u>	<u>0</u>	<u>558,576</u>	<u>1,593,262</u>
Total	\$ <u>3,741,793</u>	\$ <u>725,396</u>	\$ <u>0</u>	\$ <u>1,192,288</u>	\$ <u>4,208,685</u>

REGION XII COUNCIL OF GOVERNMENTS, INC.
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2007 and 2006

Note 10 Long Term Notes Payable

The long term notes payable and classification are as follows:

	<u>June 30, 2007</u>	<u>June 30, 2006</u>
Region XII Council of Governments, Inc., has entered into a loan agreement with the United States Department of Agriculture, Intermediary Relending Program. The loan agreement, dated December 15, 2000, is for the sum of \$600,000, interest at a fixed rate of 1% per annum, for a term of 30 years. The repayment shall be made in 27 equal installments of \$25,470 including principle and interest beginning December 15, 2004. The loan agreement requires a restricted cash account to be maintained at 6% of the balance outstanding.	\$ 540,886	\$ 560,749

Region XII Council of Governments, Inc., has entered into a loan agreement with the United States Department of Agriculture, Intermediary Relending Program. The loan agreement, dated September 16, 2005, is for the sum of \$600,000, interest at a fixed rate of 1% per annum, for a term of 30 years. No repayment schedule is required as of June 30, 2007.	468,000	208,000
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Region XII Council of Governments, Inc., has entered into an Amoco Loan Agreement with the Iowa Department of Transportation. The capital loan, dated October 8, 2003, is for the sum of \$30,000, no interest, payable in equal installments of \$6,000 for a term of 5 years beginning December 31, 2004.	<u>12,000</u>	<u>18,000</u>
Total Notes Payable	1,020,886	786,749
Current Portion of Long Term Debt	<u>26,061</u>	<u>25,863</u>
Long Term Portion	\$ <u>994,825</u>	\$ <u>760,886</u>

Maturities of notes payable over the next five years are as follows:

June 30, 2007	\$ -	\$ 25,863
June 30, 2008	26,061	26,062
June 30, 2009	26,262	26,262
June 30, 2010	20,465	20,465
June 30, 2011	20,669	20,669
June 30, 2012	20,876	-
Thereafter	<u>906,553</u>	<u>667,428</u>
Total	\$ <u>1,020,886</u>	\$ <u>786,749</u>

SUPPLEMENTAL INFORMATION

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REGION XII COUNCIL OF GOVERNMENTS, INC.
 SCHEDULE OF REVENUES AND EXPENSES
 LOCAL FUNDS AND LOAN REPAYMENT FUNDS
 Year Ended June 30, 2007

	<u>Local Funds</u>	<u>Loan Repayment Funds</u>	<u>Acquisition/ Demolition Repayment</u>
Revenues:			
Program Funds	\$ 176,418	\$ 0	\$ 0
Loan Repayments	0	478,280	5,100
Interest	59,456	134,765	1,600
Donations	11,750	0	0
Other Revenues	<u>5,245</u>	<u>15,635</u>	<u>0</u>
Total revenues	<u>252,869</u>	<u>628,680</u>	<u>6,700</u>
Expenses:			
Salary & wages	0	24,432	78
Employee benefits	1,295	7,765	23
Advertising & marketing	125	75	0
Accounting & legal	1,560	6,090	3
Insurance	0	612	2
Contract Services	0	264,407	2
Fees, dues & subscriptions	0	126	0
Postage	0	854	4
Printing	0	0	0
Rent	0	1,738	5
Telephone	0	381	1
Travel	0	1,744	6
Utilities	0	0	0
Office expense	262	933	3
Equipment maintenance	0	3,908	1
Equipment rental	0	0	0
Facility maintenance	2,232	1,127	3
Board expenses	0	184	0
Registration fees	0	0	0
Vehicle expense	12,559	0	0
Participant loans & grants	0	0	0
Vehicle and equipment purchases	16,018	0	0
Interest	0	0	0
Matching funds expended	<u>47,349</u>	<u>32,542</u>	<u>0</u>
Total expenses	<u>81,400</u>	<u>346,918</u>	<u>131</u>
Revenue over (under) expenses	171,469	281,762	6,569
Beginning of year	<u>787,415</u>	<u>1,704,458</u>	<u>32,246</u>
End of Year-Net asset	\$ <u>958,884</u>	\$ <u>1,986,220</u>	\$ <u>38,815</u>

See accompanying Independent Auditor's Report.

REGION XII COUNCIL OF GOVERNMENTS, INC.
SCHEDULE OF REVENUES AND EXPENSES
ADMINISTERED STATE AND LOCAL FUNDS
Year Ended June 30, 2007

	Community Administered Support Programs	Council of Government Assistance 2007-COG-01	Housing Programs Repo & Spec Houses	Fees From Housing Contracts
Revenues:				
Governmental Funding Source:				
State funds	\$ 0	\$ 0	\$ 0	\$ 0
Program funds	120,769	9,375	223,495	27,957
Matching funds	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total revenues	<u>120,769</u>	<u>9,375</u>	<u>223,495</u>	<u>27,957</u>
Expenses:				
Salary & wages	35,826	0	0	12,966
Employee benefits	10,876	22	0	4,337
Advertising & marketing	87	0	0	28
Accounting & legal	176	0	333	202
Insurance	928	0	0	317
Contracted services	1,819	0	137,020	4,077
Fees, dues & subscriptions	86	0	0	93
Postage	350	0	0	409
Rent	2,620	0	0	902
Telephone	525	0	0	236
Travel	3,141	66	0	1,006
Office expense	1,014	0	0	384
Equipment expenses	1,463	0	0	501
Facility expenses	1,646	0	0	575
Board expense	295	0	0	59
Matching funds expended	<u>10,330</u>	<u>9,287</u>	<u>232</u>	<u>0</u>
Total expenses	<u>71,182</u>	<u>9,375</u>	<u>137,585</u>	<u>26,092</u>
Revenue over (under) expenses	49,587	0	85,910	1,865
Beginning of year	(5,958)	<u>0</u>	(262,544)	(4,228)
End of Year-Receivable from future claims	\$ <u>0</u>	\$ <u>0</u>	\$ (176,634)	(2,363)
End of Year - Deferred revenue	\$ <u>43,629</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>

See accompanying Independent Auditor's Report.

Iowa Waste Exchange Programs	Valley Business Park Planning Project	Regional Transportation Planning		
		Agreement Number 07RPA-12		
		FHWA SPR	FTA	FHWA (STP)
\$ 307,265	\$ 0	\$ 13,830	\$ 15,731	\$ 62,237
0	0	0	0	5,000
0	0	3,458	3,933	10,560
<u>307,265</u>	<u>0</u>	<u>17,288</u>	<u>19,664</u>	<u>77,797</u>
72,038	0	10,910	12,213	46,986
24,650	0	2,973	3,412	13,010
1,251	0	33	29	136
259	125	18	64	347
1,657	0	213	281	1,125
181,861	5,516	92	80	336
380	0	19	54	202
526	0	69	90	326
4,723	0	605	799	3,200
819	0	116	139	583
9,407	0	858	871	3,951
2,702	0	329	378	1,672
2,895	0	439	483	3,203
3,418	0	529	569	2,271
644	0	85	202	449
0	0	0	0	0
<u>307,200</u>	<u>5,641</u>	<u>17,288</u>	<u>19,664</u>	<u>77,797</u>
65	(5,641)	0	0	0
(65)	<u>10,032</u>	<u>0</u>	<u>0</u>	<u>0</u>
\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>
\$ <u>0</u>	\$ <u>4,391</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>

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REGION XII COUNCIL OF GOVERNMENTS, INC.
 SCHEDULE OF REVENUES AND EXPENSES
 COMMUNITY DEVELOPMENT BLOCK GRANT AND HOME HOUSING LOAN FUNDS
 Year Ended June 30, 2007

	Community Development Block <u>Grant</u>	HOME <u>Loans</u>
Revenues:		
Governmental funding source:		
Housing and Urban Development	\$ 774,596	\$ 748,261
Matching funds	<u>8,072</u>	<u>25,591</u>
Total revenues	<u>782,668</u>	<u>773,852</u>
Expenses:		
Salary & wages	41,025	40,144
Employee benefits	14,379	13,389
Advertising & marketing	126	64
Accounting & legal	651	994
Insurance	1,044	825
Contract Services	6,026	3,733
Fees, dues & subscriptions	259	192
Postage	2,177	1,271
Rent	2,968	2,351
Telephone	734	613
Travel	3,092	2,869
Office expense	1,292	1,432
Equipment expenses	1,522	1,393
Facility expenses	1,853	1,881
Board expenses	217	223
Participant loans & grants	730,480	668,261
Interest	<u>0</u>	<u>5,198</u>
Total expenses	<u>807,845</u>	<u>744,833</u>
Revenue over (under) expenses	(25,177)	29,019
Beginning of year	(<u>36,535</u>)	(<u>64,607</u>)
End of Year-Receiveable from future claims	\$ (<u><u>61,712</u></u>)	\$ (<u><u>35,588</u></u>)

See accompanying Independent Auditor's Report.

REGION XII COUNCIL OF GOVERNMENTS, INC.
 SCHEDULE OF REVENUES AND EXPENSES
 HAZARD MITIGATION PLANS
 IOWA HOMELAND SECURITY AND EMERGENCY MANAGEMENT DIVISION

Year Ended June 30, 2007

Revenues:

Governmental Funding Source:

Federal Emergency Management Agency:

Iowa Homeland Security & Emergency Management Division	\$ 0
Matching funds	<u>5,985</u>
Total revenues	<u>5,985</u>

Expenses:

Salary & wages	2,890
Employee benefits	802
Advertising & marketing	8
Accounting & legal	17
Insurance	59
Contract Services	25
Fees, dues & subscriptions	6
Postage	29
Rent	169
Telephone	28
Travel	171
Office expense	61
Equipment maintenance	154
Facility maintenance	129
Board expenses	<u>24</u>
Total expenses	<u>4,572</u>

Revenue over (under) expenses	1,413
Beginning of year	(<u>4,559</u>)
End of Year-Receiveable from future claims	\$ (<u><u>3,146</u></u>)

See accompanying Independent Auditor's Report.

REGION XII COUNCIL OF GOVERNMENTS, INC.
 SCHEDULE OF REVENUES AND EXPENSES
 WESTERN IOWA TRANSIT PROGRAMS
 Year Ended June 30, 2007

	Rural Transit <u>Operating</u>	Section III <u>Capital</u>	Section 18 <u>Capital</u>	<u>Total</u>
Revenue:				
Governmental Funding Source:				
Federal-Dept. of Transportation	\$ 354,779	\$146,078	\$ 80,291	\$ 581,148
Iowa Dept. of Transportation	346,024	0	0	346,024
Elderbridge Agency	42,000	0	0	42,000
United way	4,500	0	0	4,500
Public support & contribution	1,008,325	0	0	1,008,325
Capital match funds	0	26,773	21,188	47,961
Interest income	16,708	0	0	16,708
Fuel tax refund	5,331	0	0	5,331
Other local	5,894	0	0	5,894
Total Revenues	<u>1,783,561</u>	<u>172,851</u>	<u>101,479</u>	<u>2,057,891</u>
Expenses:				
Salaries & wages	139,521	0	0	139,521
Employee benefits	43,099	0	0	43,099
Advertising & marketing	3,879	0	0	3,879
Accounting & legal	5,253	0	0	5,253
Insurance	2,654	0	0	2,654
Contracted services	14,077	0	0	14,077
Fees, dues & subscriptions	4,874	0	0	4,874
Postage	1,291	0	0	1,291
Rent	1,336	0	0	1,336
Telephone	22,437	0	0	22,437
Travel	22,499	0	0	22,499
Office expense	3,425	0	0	3,425
Equipment expenses	3,248	0	0	3,248
Facility expenses	5,311	0	0	5,311
Board expense	986	0	0	986
Drivers' wages & benefits	907,818	0	0	907,818
Vehicle fuel & other costs	299,044	0	0	299,044
Vehicle insurance	82,570	0	0	82,570
Purchased services	110,540	0	0	110,540
Property and equip. purchases	47,590	172,851	101,479	321,920
Matching funds	4,589	0	0	4,589
Total Expenses	<u>1,726,041</u>	<u>172,851</u>	<u>101,479</u>	<u>2,000,371</u>
Revenue over (under) expenses	57,520	0	0	57,520
Beginning of year-net assets	<u>367,381</u>	<u>0</u>	<u>0</u>	<u>367,381</u>
End of Year-Net assets	\$ <u>424,901</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>424,901</u>

See accompanying Independent Auditor's Report.

REGION XII COUNCIL OF GOVERNMENTS, INC.
SCHEDULE OF REVENUES AND EXPENSES
WORKFORCE INVESTMENT ACT PROGRAMS
AGREEMENT NUMBER 7-W-08-FR-0
Year Ended June 30, 2007

	<u>WORKFORCE INVESTMENT ACT - TITLE I</u>				
	<u>Admin.</u>	<u>Adult</u>	<u>Youth In School</u>	<u>Youth-Out Of School</u>	<u>Dislocated Worker</u>
Revenues:					
Governmental Funding Sources:					
Iowa Workforce Development	\$ <u>18,142</u>	\$ <u>38,710</u>	\$ <u>32,653</u>	\$ <u>20,414</u>	\$ <u>87,018</u>
Expenses:					
Salaries & wages	8,811	12,995	8,202	10,726	27,012
Employee benefits	2,161	4,062	2,678	3,493	8,144
Advertising & marketing	148	0	0	0	0
Accounting & legal	947	1	0	0	0
Insurance	159	436	308	338	817
Contracted services	456	0	0	0	0
Fees, dues & subscriptions	1,248	0	0	0	0
Postage	312	220	67	97	1,102
Rent	462	708	515	658	1,388
Telephone	248	202	127	169	401
Travel	754	1,045	660	851	2,272
Office expense	419	515	245	313	2,468
Equipment expenses	358	475	300	371	966
Facility expenses	390	659	411	530	1,412
Board expense	1,269	6	3	4	5
Participant support	<u>0</u>	<u>17,386</u>	<u>19,137</u>	<u>2,864</u>	<u>41,031</u>
Total expenses	<u>18,142</u>	<u>38,710</u>	<u>32,653</u>	<u>20,414</u>	<u>87,018</u>
Net	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>

See accompanying Independent Auditor's Report.

<u>WIA - TITLE I</u>	
<u>Incentive</u>	
<u>Dislocated Worker</u>	
<u>Admin</u>	<u>Adult</u>
\$ <u>5,136</u>	\$ <u>27,186</u>
2,693	16,635
687	4,625
16	0
13	0
64	493
36	0
493	51
10	199
298	998
77	301
297	1,838
117	607
93	613
156	823
86	3
0	0
<u>5,136</u>	<u>27,186</u>
\$ <u>0</u>	\$ <u>0</u>

Schedule 7

REGION XII COUNCIL OF GOVERNMENTS, INC.
 SCHEDULE OF REVENUES AND EXPENSES
 IOWA WORKFORCE DEVELOPMENT-WIA SUB SECTION
 EARLY INTERVENTION RAPID RESPONSE
 Year Ended June 30, 2007

	7-W-PF- RR-0-05 SEG Chicago <u>Rivet</u>	7-W-PF- RR-0-03 <u>Early Intervention</u> Chicago <u>Rivet</u>	7-W-PF- RR-0-17 <u>Bayard</u> <u>Nursing</u>
Revenues:			
Governmental Funding Sources:			
Iowa Workforce Development	\$ 42,500	\$ 3,100	\$ 2,360
Expenses:			
Salaries & wages	17,417	0	0
Employee benefits	4,544	0	0
Advertising & marketing	42	0	0
Accounting & legal	62	0	0
Insurance	422	0	0
Contracted services	110	0	0
Fees, dues & subscriptions	7	0	0
Postage	814	0	0
Rent	771	0	0
Telephone	346	0	0
Travel	1,533	0	0
Office expense	1,130	0	0
Equipment expenses	560	0	0
Facility expenses	889	0	0
Board expense	192	0	0
Participant support	13,661	3,100	2,360
Total expenses	42,500	3,100	2,360
Net	\$ 0	\$ 0	\$ 0

See accompanying Independent Auditor's Report.

Schedule 8

REGION XII COUNCIL OF GOVERNMENTS, INC.
 SCHEDULE OF REVENUES AND EXPENSES
 IOWA WORKFORCE DEVELOPMENT PROGRAMS
 AGREEMENT NUMBER 1-W-08-FR-0
 Year Ended June 30, 2007

	General	<u>Promise Jobs</u>		General	
	<u>Admin</u>	<u>Basic</u>	<u>Life</u>	<u>(Surtax)</u>	<u>Navigator</u>
		<u>Funds</u>	<u>Skills</u>		
Revenues:					
Governmental Funding Sources:					
Iowa Workforce Development	\$ <u>2,746</u>	\$ <u>9,889</u>	\$ <u>775</u>	\$ <u>31,963</u>	\$ <u>5,740</u>
Expenses:					
Salaries & wages	1,441	0	0	0	0
Employee benefits	477	0	0	0	0
Advertising & marketing	33	35	0	116	8
Accounting & legal	25	33	3	122	32
Insurance	29	0	0	0	0
Contracted services	71	0	0	0	0
Fees, dues & subscriptions	253	59	9	501	73
Postage	7	0	0	0	0
Rent	78	49	10	235	65
Telephone	41	0	0	0	0
Travel	37	0	0	0	0
Utilities	0	992	143	4,564	1,168
Office expense	79	3,991	203	10,890	1,887
Equipment expenses	85	3,240	219	8,759	786
Facility expenses	48	1,490	188	6,776	1,721
Board expense	<u>42</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total expenses	<u>2,746</u>	<u>9,889</u>	<u>775</u>	<u>31,963</u>	\$ <u>5,740</u>
Net	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>

See accompanying Independent Auditor's Report.

REGION XII COUNCIL OF GOVERNMENTS, INC.
 SCHEDULE OF REVENUES AND EXPENSES
 WORKFORCE DEVELOPMENT PROGRAM - PROMISE JOBS
 AGREEMENT # 7-W-08-FR-0
 Year Ended June 30, 2007

	<u>Two Parents</u>	<u>Basic Funds</u>
Revenues:		
Governmental Funding Sources:		
Iowa Workforce Development	\$ <u>50,876</u>	\$ <u>108,289</u>
Administrative Expenses:		
Salaries wages	29,776	8,303
Employee benefits	9,024	2,001
Advertising & marketing	116	286
Accounting & legal	107	495
Insurance	744	166
Contracted Services	349	414
Fees, dues & subscriptions	45	691
Postage	1,954	47
Rent	1,516	466
Telephone	543	232
Travel	2,130	1,073
Utilities	1,249	0
Office expense	0	753
Equipment expenses	1,312	393
Facility expenses	1,607	364
Board Expense	404	554
Total administrative expenses	<u>50,876</u>	<u>16,238</u>
Program Expenses:		
Salaries wages	0	57,900
Employee benefits	0	15,674
Accounting & legal	0	15
Insurance	0	1,645
Fees, dues & subscriptions	0	7
Postage	0	1,395
Rent	0	3,310
Telephone	0	922
Travel	0	3,660
Office expense	0	2,249
Equipment expenses	0	2,109
Facility expenses	0	3,143
Board Expense	0	22
Total program expenses	<u>0</u>	<u>92,051</u>
Total Expense	<u>50,876</u>	<u>108,289</u>
Net	\$ <u><u>0</u></u>	\$ <u><u>0</u></u>

See accompanying Independent Auditor's Report.

REGION XII COUNCIL OF GOVERNMENTS, INC.
 SCHEDULE OF REVENUES AND EXPENSES
 HOUSING PRESERVATION PROGRAM
 BORROWER ID # 160140421017843
 Year Ended June 30, 2007

	HPG Period 7/1/2006- 9/30/2006	HPG Period 10/01/2006- 6/30/2007
Revenues:		
Governmental Funding Source:		
USDA-Rural Development	\$ 16,542	\$ 34,010
Matching funds	<u>2,643</u>	<u>3,295</u>
Total Revenues	<u>19,185</u>	<u>37,305</u>
Expenses:		
Salaries & wages	2,855	3,950
Employee benefits	966	1,246
Advertising & marketing	1	12
Accounting & legal	0	119
Insurance	81	79
Contract services	13	39
Fees, dues & subscriptions	5	7
Postage	133	100
Rent	221	227
Telephone	41	73
Travel	394	256
Office expense	80	137
Equipment expenses	169	137
Facility expenses	110	188
Board expense	1	20
Participant loans & grants	<u>13,417</u>	<u>23,832</u>
Total expenses	<u>18,487</u>	<u>30,422</u>
Revenue (under) expenses	698	6,883
Beginning of year	(<u>698</u>)	<u>0</u>
End of Year - Deferred revenue	\$ <u><u>0</u></u>	\$ <u><u>6,883</u></u>

See accompanying Independent Auditor's Report.

REGION XII COUNCIL OF GOVERNMENTS, INC.
 SCHEDULE OF REVENUES AND EXPENSES
 ECONOMIC DEVELOPMENT PLANNING GRANT
 AWARD NO. 05-83-04298
 Year Ended June 30, 2007

Revenues:

Governmental Funding Sources:

Department of Commerce	\$ 51,000
Matching funds	<u>41,000</u>
Total revenues	<u>92,000</u>

Expenses:

Salaries & wages	56,489
Employee benefits	16,206
Advertising & marketing	127
Accounting & legal	264
Insurance	1,470
Contract services	256
Fees, dues & subscriptions	374
Postage	526
Rent	4,174
Telephone	748
Travel	4,965
Office expense	1,648
Equipment expense	1,859
Facility expense	2,478
Board expenses	<u>416</u>
Total expenses	<u>92,000</u>

Net \$ 0

See accompanying Independent Auditor's Report.

REGION XII COUNCIL OF GOVERNMENTS, INC.
 SCHEDULE OF REVENUES AND EXPENSES
 USDA RURAL DEVELOPMENT LEAD-BASED PAINT INSPECTION
 CHILDHOOD LEAD POISONING PREVENTION PROGRAMS
 Year Ended June 30, 2007

	Lead-Based Paint <u>Inspection</u>
Revenues:	
Governmental Funding Sources:	
USDA Rural Development	\$ 700
Iowa Department of Public Health	1,050
Local funds	<u>6,040</u>
Total revenues	<u>7,790</u>
Expenses:	
Salaries & wages	3,856
Employee benefits	1,390
Advertising & marketing	14
Accounting & legal	62
Insurance	86
Contracted Services	377
Fees, dues & subscriptions	19
Postage	339
Rent	243
Telephone	62
Travel	299
Office expense	118
Equipment expense	151
Facility expense	187
Board expense	<u>23</u>
Total expenses	<u>7,226</u>
Revenue over (under) expenses	564
Beginning of Year	<u>52,776</u>
End of Year - Deferred revenue	\$ <u><u>53,340</u></u>

See accompanying Independent Auditor's Report.

REGION XII COUNCIL OF GOVERNMENTS, INC.
 SCHEDULE OF REVENUES AND EXPENSES
 WESTERN IOWA ADVANTAGE PARTNERS
 IDED GRANT NUMBER 05-RMG-03
 Year Ended June 30, 2007

Revenues:

Governmental Funding Source:

Iowa Dept. of Economic Development	\$112,500
Matching funds	63,980
Interest	<u>1,563</u>
Total revenues	<u>178,043</u>

Expenses:

Salary & wages	270
Employee benefits	69
Accounting & legal	373
Insurance	7
Contracted services	118,355
Postage	4
Rent	19
Telephone	55
Travel	30
Office expense	19
Equipment maintenance	102
Facility expense	10
Board expense	<u>844</u>
Total expenses	<u>120,157</u>

Revenue over (under) expenses	57,886
Beginning of year	<u>17,159</u>
End of year - Deferred revenue	\$ <u><u>75,045</u></u>

See accompanying Independent Auditor's Report.

AFFILIATED ORGANIZATIONS

COUNCIL OF GOVERNMENTS HOUSING, INC.
 SCHEDULE OF REVENUES AND EXPENSES
 Year Ended June 30, 2007

	Administrative <u>Fund</u>	Revolving Loan <u>Fund</u>	Spec Housing <u>Fund</u>	Housing Loan <u>Fund</u>
Revenues:				
State	\$ 0	\$ 0	\$	\$ 132,044
Loan repayment	0	20,658	0	0
Interest income	5,760	1,622	0	0
Local funds and match	5,188	1,580	0	24,250
Sale of properties	0	0	274,404	0
Total revenues	<u>10,948</u>	<u>23,860</u>	<u>274,404</u>	<u>156,294</u>
Expenses:				
Salaries & wages	722	726	0	1,447
Employee benefits	217	258	0	500
Advertising & marketing	6	2	0	6
Accounting & legal	579	26	0	10
Insurance	18	17	0	28
Contracted services	2	4	37,876	12
Fees, dues, & subscriptions	1	4	0	0
Postage	27	24	0	9
Rent	50	49	0	80
Telephone	10	11	0	15
Travel	41	43	0	118
Office expense	20	30	0	60
Equipment expense	59	146	0	51
Facility expense	39	33	0	70
Board expense	6	159	0	8
Participant loans & grants	0	7,978	0	68,945
Matching funds expended	<u>15,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total expenses	<u>16,797</u>	<u>9,510</u>	<u>37,876</u>	<u>71,359</u>
Revenue over (under) expenses	(5,849)	14,350	236,528	84,935
Beginning of Year	15,842	22,798	(217,355)	0
Interprogram fund transfer	<u>19,173</u>	<u>0</u>	<u>(19,173)</u>	<u>0</u>
End of Year - Deferred revenue	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>84,935</u>
End of Year - Net assets	\$ <u>29,166</u>	\$ <u>37,148</u>	\$ <u>0</u>	\$ <u>0</u>

See accompanying Independent Auditor's Report.

REGION XII DEVELOPMENT CORPORATION, INC.
 SCHEDULE OF REVENUE AND EXPENSES
 Year Ended June 30, 2007

	Intermediary Relending Program		Rural Business Enterprise Grant	Long-Term Economic Deterioration Revolving Loan Fund
	Admin. and Repayment Fund	IRP Grant Fund	Admin. and Repayment Fund	Admin. and Repayment Fund
Revenues:				
Governmental Funding Source:				
Federal grants	\$ 0	\$ 260,000	\$ 0	\$ 0
Loan repayment & fees	183,153	0	32,701	175,660
Interest Income	72,846	0	15,097	27,798
Matching funds	0	0	0	0
Total revenues	<u>255,999</u>	<u>260,000</u>	<u>47,798</u>	<u>203,458</u>
Expenses:				
Salaries & wages	2,952	0	3,186	12,483
Employee benefits	915	0	970	3,449
Advertising & marketing	140	0	80	115
Accounting & Legal	1,092	0	187	561
Insurance	75	0	77	195
Contracted services	27	0	27	131
Fees, dues & subscriptions	172	0	97	102
Postage	29	0	30	57
Rent	215	0	219	552
Telephone	45	0	35	124
Travel	238	0	228	1,007
Office expense	74	0	65	329
Equipment expense	185	0	173	504
Facility expense	139	0	153	630
Board expense	1,083	0	156	646
Participant loans	0	325,000	87,500	110,000
Loan principal payments	19,863	0	0	0
Interest	<u>7,422</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total expenses	<u>34,666</u>	<u>325,000</u>	<u>93,183</u>	<u>130,885</u>
Revenue over (under) expenses	221,333	(65,000)	(45,385)	72,573
Beginning of Year	<u>195,942</u>	<u>98,000</u>	<u>194,251</u>	<u>50,261</u>
End of Year - Deferred revenue	\$ <u>0</u>	\$ <u>33,000</u>	\$ <u>0</u>	\$ <u>0</u>
End of Year - Net assets	\$ <u>417,275</u>	\$ <u>0</u>	\$ <u>148,866</u>	\$ <u>122,834</u>

See accompanying Independent Auditor's Report.

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SCHEDULE OF REVENUE AND EXPENSES FOR COMPLETED CONTRACTS

REGION XII COUNCIL OF GOVERNMENTS, INC.
 SCHEDULE OF REVENUES AND EXPENSES
 COMPLETED CONTRACT
 WORKFORCE INVESTMENT ACT PROGRAMS
 AGREEMENT NUMBER 7-W-08-FR-0
 July 1, 2005 through June 30, 2007

	WORKFORCE INVESTMENT ACT - TITLE I					
	<u>Admin.</u>	<u>Adult</u>	<u>Youth</u>	<u>Dislocated Worker</u>	<u>Incentive Admin</u>	<u>Adult</u>
Revenues:						
Governmental Funding Sources:						
Ia Workforce Development	\$ <u>24,091</u>	\$ <u>52,608</u>	\$ <u>71,562</u>	\$ <u>92,682</u>	\$ <u>5,136</u>	\$ <u>30,000</u>
Expenses:						
Salaries & wages	12,724	18,920	23,070	20,049	2,693	18,271
Employee benefits	3,036	6,037	7,027	6,423	687	5,189
Advertising & marketing	70	0	0	0	16	0
Accounting & legal	856	0	0	0	13	0
Insurance	411	693	772	831	64	548
Contracted services	80	0	0	0	36	0
Fees, dues & subscriptions	703	0	0	0	493	51
Postage	184	253	238	236	10	235
Printing	8	8	9	15	0	0
Rent	886	1,218	1,432	1,439	298	1,116
Telephone	328	246	331	313	77	328
Travel & training	2,048	1,309	2,050	1,447	297	2,181
Utilities	287	340	344	364	0	28
Office expense	745	740	943	879	117	559
Equipment expense	139	113	282	243	93	621
Equipment rental	221	522	435	481	0	11
Facility expense	280	333	522	328	156	859
Board expense	1,045	0	0	0	86	3
Registration fee	40	78	91	189	0	0
Participant support	0	21,798	34,016	59,445	0	0
Total expenses	<u>24,091</u>	<u>52,608</u>	<u>71,562</u>	<u>92,682</u>	<u>5,136</u>	<u>30,000</u>
Net	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>

See accompanying Independent Auditor's Report.

REGION XII COUNCIL OF GOVERNMENTS, INC.
 SCHEDULE OF REVENUES AND EXPENSES
 COMPLETED CONTRACT
 HOUSING PRESERVATION GRANT
 Borrower ID # 160140421017843
 Program Period October 1, 2005 through September 30, 2006

Revenue:

Governmental Funding Source:

USDA-Rural Development	\$ 47,148
Matching funds	<u>7,072</u>
Total Revenues	<u>54,220</u>

Expenses:

Salaries & wages	8,620
Employee benefits	3,028
Advertising & marketing	11
Accounting & legal	225
Insurance	237
Contract services	32
Fees, dues & subscriptions	33
Postage	376
Rent	639
Telephone	139
Travel	837
Office expense	226
Equipment expenses	219
Facility expenses	183
Board expense	32
Participant loans & grants	<u>39,383</u>
Total expenses	<u>54,220</u>

Net	\$ <u><u>0</u></u>
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See accompanying Independent Auditor's Report.

REGION XII COUNCIL OF GOVERNMENTS, INC.
 SCHEDULE OF REVENUES AND EXPENSES
 COMPLETED CONTRACT
 IOWA WASTE EXCHANGE

	Grant Number IWE 06B 7/1/2005- <u>8/31/2006</u>
Revenues:	
Governmental Funding Source:	
State	\$ <u>58,334</u>
Expenses:	
Salaries & wages	34,373
Employee benefits	11,845
Advertising & marketing	27
Accounting & legal	183
Insurance	1,031
Contract services	96
Fees, dues & subscriptions	574
Postage	329
Printing	22
Rent	2,904
Telephone	462
Travel	2,227
Utilities	632
Office expense	1,499
Equipment expenses	317
Equipment rental	1,067
Facility expenses	516
Board expense	198
Registration fees	<u>32</u>
Total expenses	<u>58,334</u>
Net	\$ <u><u>0</u></u>

See accompanying Independent Auditor's Report.

REGION XII COUNCIL OF GOVERNMENTS, INC. AND AFFILIATED ORGANIZATIONS
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 Year Ended June 30, 2007

	CFDA #	Agreement or Grant Number	Total Expenditures
Federal Direct:			
<u>Department of Agriculture:</u>			
Housing Preservation Grant	10.433	160140421017843	\$ 50,552
Intermediary Relending Program	10.767	Loan Agreement	<u>260,000</u>
Total Department of Agriculture			\$ <u>310,552</u>
<u>Department of Commerce - EDA:</u>			
Economic Development Planning Grant	11.305	05-83-04298	\$ <u>51,000</u>
Federal Indirect:			
<u>Department of Labor:</u>			
<u>Iowa Workforce Development</u>			
WIA - Title I Adult	17.258	7-W-08-FR-0	\$ 44,757
WIA - Title I Youth	17.259	7-W-08-FR-0	59,114
WIA - Title I Dislocated Workers	17.260	7-W-08-FR-0	93,066
WIA - Incentive Dislocated Worker	17.266	7-W-08-FR-0	32,322
WIA - SEG Chicago Rivet	17.266	7-W-PF-RR-0-05	42,500
WIA - Early Intervention-Chicago Rivet	17.266	7-W-PF-RR-0-03	3,100
WIA - Early Intervention-Bayard Nursing	17.266	7-W-PF-RR-0-17	<u>2,360</u>
Total Department of Labor			\$ <u>277,219</u>
<u>Department of Transportation:</u>			
Operating Assistance	20.509	18-4028-120-07	\$ 354,779
Section III/Capital	20.500	04-0105-120-06	143,365
Section III/Capital	20.500	03-0104-120-05	2,713
Section 18/Capital	20.500	18-0025-120-04	2,587
Section 18/Capital	20.500	18-0027-120-05	76,515
Section 18/Capital	20.509	18-0028-120-06	1,189
Regional Planning Affiliation	20.515	FHWA SPR 07-RTA-12	13,830
Regional Planning Affiliation	20.515	FTA 07-RTA-12	15,731
Regional Planning Affiliation	20.515	FHWA (STP) 07-RTA-12	<u>62,237</u>
Total Department of Transportation			\$ <u>672,946</u>
<u>Department of Health & Human Services:</u>			
Childhood Lead Poisoning Prevention	93.197	Order # 60-61KZ	\$ 700
<u>Iowa Workforce Development</u>			
Promise Jobs	93.558	7-W-08-FR-0	<u>159,165</u>
Total Department of Health & Human Services			\$ <u>159,865</u>
<u>Department of Housing & Urban Development</u>			
<u>Iowa Department of Economic Development</u>			
<u>Subrecipient of Cities</u>			
Community Development Block Grant	14.228		\$ 388,342
Home	14.239		<u>354,108</u>
Total Department of Housing & Urban Development			\$ <u>742,450</u>

Basis of Presentation: The Schedule of Expenditures of Federal Awards includes the federal grant activity of Region XII Council of Government and its wholly controlled affiliated organizations and is presented on the accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Nonprofit Organizations. Therefore, Some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

See accompanying Independent Auditor's Report.

John D. Morrow

Certified Public Accountant

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Iowa
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Certified Public Accountants

November 27, 2007

RTS CERTIFICATION BY INDEPENDENT AUDITOR

To the Board of Directors
Region XII Council of Governments, Inc.
Carroll, Iowa

I have audited the contracting opportunities and Disadvantaged Business Enterprise and Women Business Enterprise participation summary of Region XII Council of Governments, Inc. (Transit System). My audit of the report details included tests of accounting records, purchase orders, and contracts issued to Disadvantaged Business Enterprise and Women Business Enterprise firms as we considered necessary to verify that the information reported corresponds with the transit system's financial statements and other official documentation. It was not within the scope of my audit to make any assurances about the eligibility of any firm to be certified as a Disadvantage Business Enterprise or Women Business Enterprise, since the Iowa Department of Transportation assumes this responsibility. Tests were conducted to assure that this information fairly reflects the transit system's efforts to comply with Section 105(f) and Subpart D of the Surface Transportation Assistance Act of 1982.

The tests of accounting records and inquiries with management indicated that effort is made to identify Disadvantaged Business Enterprises and Women Business Enterprise. Management has procedures which identify current vendors as eligible to be certified as a Disadvantaged Business Enterprise and Women Business Enterprise.

John D. Morrow

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Member

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors
Region XII Council of Governments, Inc.
Carroll, Iowa

I have audited the combined financial statements of Region XII Council of Governments, Inc. (COG), its wholly controlled affiliated organizations, Council of Governments Housing, Inc. and Region XII Development Corporation, Inc., Carroll, Ia, as of and for the years ended June 30, 2007 and 2006, and have issued my report thereon dated November 27, 2007. I conducted the audit in accordance with U. S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Region XII Council of Governments Inc., its wholly controlled affiliated organizations, Council of Governments Housing, Inc., and Region XII Development Corporation, Inc.'s internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the combined financial statements, but not for the purpose of expressing my opinion on the effectiveness of the COG's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the COG's internal control over financial reporting. My consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affect the COG's ability to initiate, authorize, record, process, or report financial data reliably in accordance with accounting principles generally accepted in the United States of America such that there is more than a remote likelihood a misstatement of the COG's financial statements that is more than inconsequential will not be prevented or detected by the COG's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by the COG's internal control.

My consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. I noted no matters involving the internal control over financial reporting and its operation that I consider to be significant deficiencies or material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the COG's financial statements are free of material misstatement, I performed tests of the COG's compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Comments involving statutory and other legal matters about the COG's operations for the years ended June 30, 2007 and 2006 are based exclusively on knowledge obtained from procedures performed during my audit of the combined financial statements of the COG. Since my audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

This report, a public record by law, is intended solely for the information and use of Region XII Council of Governments, Inc., its wholly controlled affiliated organizations, Council of Governments Housing, Inc., and Region XII Development Corporation, Inc., and other parties to whom the COG may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

I would like to acknowledge the many courtesies and assistance extended to me by personnel of Region XII Council of Governments during the course of the audit. Should you have any question concerning any of the above matters, I shall be pleased to discuss them with you at your convenience.

John D. Morrow

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Member

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November 27, 2007

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of Directors
Region XII Council of Governments, Inc.
Carroll, Iowa

I have audited the compliance of Region XII Council of Governments, Inc. (COG), its wholly controlled affiliated organizations, Council of Governments Housing, Inc. and Region XII Development Corporation, Inc., Carroll, Ia, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the years ended June 30, 2007 and 2006. The COG's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to each of its major federal programs is the responsibility of the COG's management. My responsibility is to express an opinion on the COG's compliance based on my audit.

I conducted my audit of compliance in accordance with U. S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Nonprofit Organizations. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the COG's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on compliance with those requirements.

In my opinion Region XII Council of Governments, Inc., its wholly controlled affiliated organizations, Council of Governments Housing, Inc. and Region XII Development Corporation, Inc. complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the years ended June 30, 2007 and 2006. Instances of non-compliance with those requirements, if any, are described in Part III of the accompanying Schedule of Findings and Questioned Costs

Internal Control Over Compliance

The COG's management is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grant agreements applicable to federal programs. In planning and performing my audit, I considered Region XII Council of Governments, Inc.'s internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of the COG's internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the COG's internal control over compliance.

A control deficiency in the COG's internal control over compliance exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affect the COG's ability to administer a federal program such that there is more than a remote likelihood noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the COG's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood a material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the COG's internal control. I noted no matters involving the internal control over compliance and its operation that I consider to be significant deficiencies or material weaknesses

This report, a public record by law, is intended solely for the information and use of Region XII Council of Governments, Inc., its wholly controlled affiliated organizations, Council of Governments Housing, Inc., and Region XII Development Corporation, Inc., and other parties to whom the COG may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

REGION XII COUNCIL OF GOVERNMENTS, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2007

Part I: Summary of the Auditor's Results

Financial Statements

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
Material weakness(es) identified?	No matters were reported
Reportable condition(s) identified not considered to be material weaknesses?	No matters were reported
Noncompliance material to financial statements noted?	No matters were reported

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No matters were reported
Reportable condition(s) identified not considered to be material weaknesses?	No matters were reported
Type of auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133. Section .510(a)?	No matters were reported
Identification of major programs:	
Department of Transportation	20.500 & 20.509
Dollar threshold used to distinguish between Type A and Type B programs:	\$ 300,000
Auditee qualified as low risk.	

Part II: Findings relating to the financial statements which are required to be reported in accordance with Governmental Auditing Standards.

No matters were reported

Part III: Findings and questioned costs for Federal Awards which shall include audit findings as defined in OMB Circular A-133.

No matters were reported

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